

# BCF 206

## Cost Risk Analysis

**C**ost Risk Analysis prepares cost analysts to model the cost risk associated with a defense acquisition program. Topics covered include basic probability concepts, subjective probability assessment, goodness-of-fit testing, basic simulation concepts, and spreadsheet-based simulation. Practical exercises, a small-group workshop, and a capstone article review reinforce the techniques taught.

**Objectives:** Students who successfully complete this course will be able to:

- assess subjective probabilities to represent uncertain cost elements in a defense acquisition program;
- model the cost risk associated with a defense acquisition program; and
- judge the reasonableness of a cost risk analysis for a defense acquisition program.

**Who Should Attend:** This assignment-specific course is designed for DoD AT&L workforce personnel whose duties include developing and/or evaluating cost estimates for such areas as procurement, software, research and development, weapons systems, etc.; planning and management of DoD systems acquisitions; evaluation and negotiation of contract proposals; and cost and performance tradeoff analyses. Participants typically include members of the BCEFM community as well as personnel in Program Management; Contracting; Systems Planning, Research, Development, and Engineering; and Information Technology.

**Prerequisite:** BCF 101

**Recommended:** ACQ 201B and a working familiarity with any spreadsheet package

**Length:** 5 class days

**Method of Delivery:** Resident/Local

**PDS Code:** Q2C



# BCF 207

## Economic Analysis

**E**conomic Analysis (EA) prepares students to conduct economic analyses within the DoD environment. Topics include decision analysis, cost analysis, present value, and sensitivity analysis. Practical exercises and a group workshop are used in class.

**Objectives:** Students who successfully complete this course will be able to:

- determine the most cost-effective way of conducting DoD business;
- determine the alternative that will warrant the highest benefits;
- estimate the costs of competing alternatives in an EA in accordance with Office of Management and Budget Circular A-94; Department of Defense Instruction (DoDI) 7041.3; and DoD 7000.14R, Volume 2B, Chapter 58;
- assess the uncertainty that may exist, using sensitivity analysis and prior estimates of benefits and costs of competing alternatives in an EA; and
- provide a rationale for conclusions.

**Who Should Attend:** This assignment-specific course is for personnel who develop and/or evaluate costs and benefits of alternative courses of action (lease vs. buy, in-house vs. contractor, privatization vs. outsourcing, or repair vs. replace). Participants typically include members of the BCEFM community. This course would also be appropriate for personnel in Program Management; Contracting; Systems Planning, Research, Development, and Engineering; Information Technology; and non-DoD personnel who conduct economic analyses of materiel systems.

**Prerequisite:** None

**Recommended:** A working familiarity with any spreadsheet package

**Length:** 5 class days

**Method of Delivery:** Resident/Local

**PDS Code:** Q2D

